

Rule 2-10

PROCUREMENT CARD

RULE:

All state agencies and institutions of higher education eligible for the State of Colorado procurement card program ~~should~~shall enter into an agreement with the State Procurement Card Program to participate. State agencies and institutions of higher education may not enroll in other credit or debit card program agreements for purchases covered by the procurement card program.

Each agency is responsible for implementing and administering an adequate system of internal controls over its procurement card program to ensure compliance with state fiscal rules and agency guidelines.

Personal Services

Procurement cards may be used to pay for services as well as goods. It is the responsibility of the controller at each state agency or institution of higher education using procurement cards for 1099 reportable transactions ~~that are 1099-reportable~~ to have in place a methodology to identify and report this information.

Purchases in Excess of \$5,000

If authorized by the controller of the state agency or institution of higher education, ~~procurement~~ cards may be used to make purchases and pay invoices in excess of \$5,000. Use of the procurement card is not a substitute for a commitment voucher or encumbrance as required by Fiscal Rule 2-2.

Preaudit Responsibility

Use of the procurement card does not eliminate the need for a preaudit, which should be completed when the disbursement is made to the bank or when distributions are made; whichever occurs first. ~~The dispute mechanism should be used when charges from the bank are challenged. Each agency is responsible to have adequate internal controls for procurement card use and payment. In addition,~~ The agency or institution of higher education is responsible for reconciling the disbursements made to the bank with the total of validated individual charges for the state agency or institution of higher education. The dispute mechanism should be used when charges from the bank are challenged.

Reporting of Fraud, Abuse, and Misuse

All incidents of suspected fraud and abuse of procurement cards should be reported in writing to the State Controller. This report should include results of any investigation or follow-up including corrective measures implemented to prevent or reduce the likelihood of future occurrences must be reported in writing to the State Controller in a timely manner. Any misuse of the procurement card must also be reported. Misuse is the improper or incorrect use of a state procurement card as determined by agency procurement program or other guidelines and state fiscal rules. Misuse may be either intentional or inadvertent and may not result in the cardholder receiving any pecuniary benefit. Misuse that is recurring or significant or in excess of \$500 should be reported.

Open charge accounts

State agencies or institutions of higher education participating in the procurement card program shall use the state procurement card for purchases at local vendors in lieu of open or other charge accounts. The state agency or institution of higher education's procurement card administrator and the controller or chief fiscal officer must approve exceptions to this requirement in advance. Open accounts should be close as soon as procurement cards are available to state agency or institution of higher education personnel.

